

CROWLEY, MILNER AND COMPANY

DETROIT 26, MICHIGAN

Annual Report

JANUARY 31, 1957

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS OF CROWLEY, MILNER AND COMPANY:

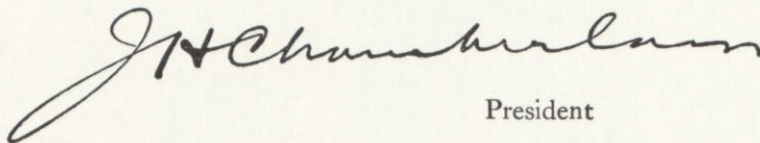
NOTICE is hereby given that the annual meeting of the stockholders of CROWLEY, MILNER AND COMPANY, a corporation organized under the laws of the State of Michigan, will be held at the office of the corporation, Monroe and Library Streets, Detroit, Michigan, on Thursday, April 18, 1957, at 2 P. M. to consider and act upon the following matters:

1. Election of directors to hold office until the annual meeting to be held in 1958 or until their successors shall have been elected and shall have qualified.
2. The transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The stock transfer books will not be closed, but only stockholders of record as of the close of business on March 29, 1957, will be entitled to notice of and to vote at the meeting.

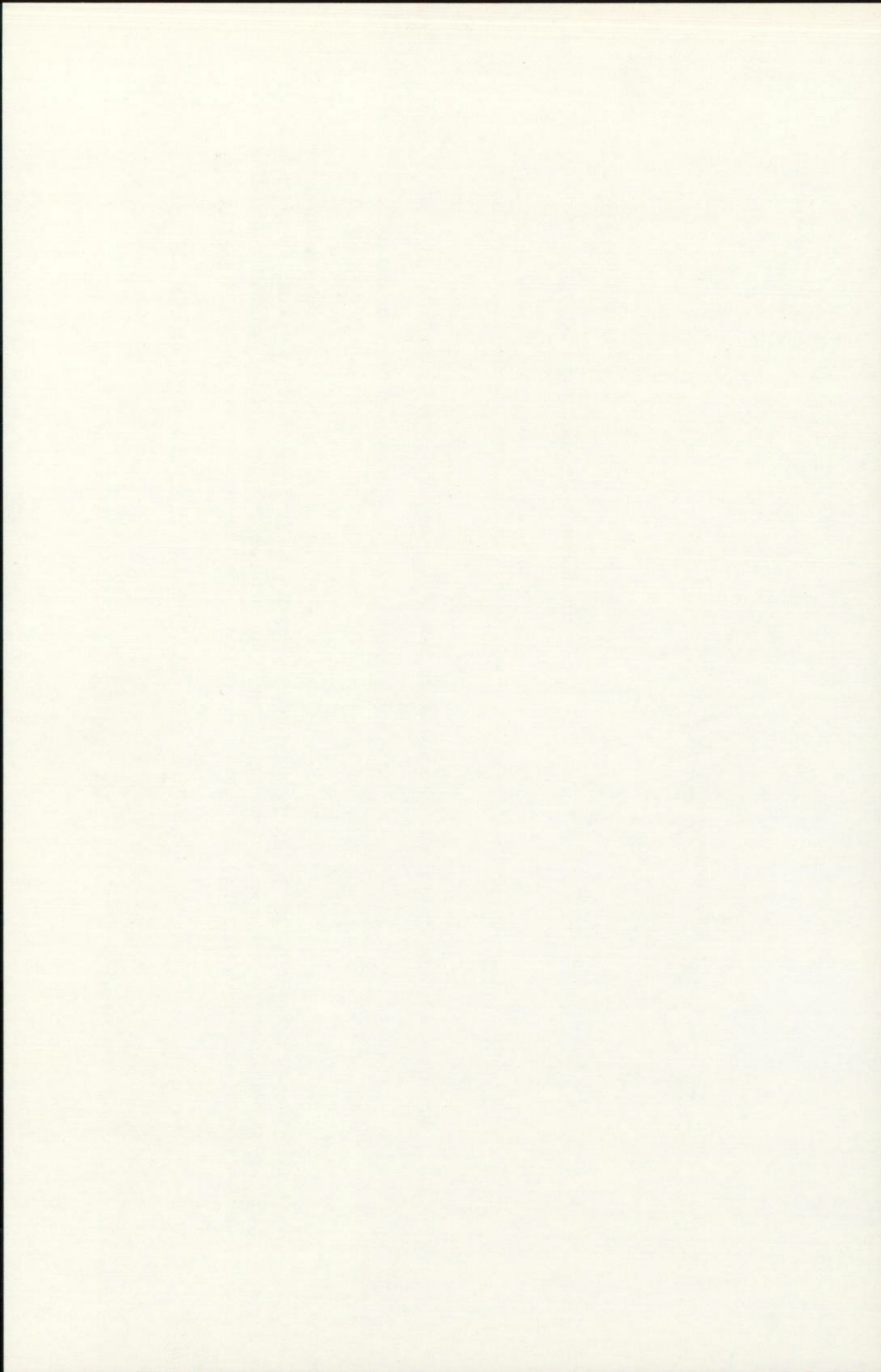
No proxies are being solicited by the management.

I sincerely hope that you will attend the meeting.

A handwritten signature in dark ink, appearing to read "J. H. Chamberlain". The signature is fluid and cursive, with a large, sweeping initial "J".

President

Dated April 2, 1957



BOARD OF DIRECTORS

JAMES H. CHAMBERLAIN

JOHN G. KEYS

EDWARD H. GRAHAM

STEWART E. McLAREN

JOHN T. HIGGINS

DAVID G. STANDART

ELROY O. JONES

MRS. KATHERINE C. TRAVIS

W. TOM ZURSCHMIEDE

OFFICERS

President and General Manager

JAMES H. CHAMBERLAIN

Vice President

MRS. KATHERINE C. TRAVIS

Treasurer

LEO G. COLE

Secretary

WILLIS B. MANCHESTER

Transfer Agent

THE DETROIT BANK & TRUST COMPANY
DETROIT, MICHIGAN

Registrar—Common Stock

MANUFACTURERS NATIONAL BANK
DETROIT, MICHIGAN

Counsel

DYKEMA, JONES & WHEAT
DETROIT, MICHIGAN

Auditors

ERNST & ERNST
DETROIT, MICHIGAN

CROWLEY, MILNER AND COMPANY
DETROIT 26, MICHIGAN

April 2, 1957

TO OUR STOCKHOLDERS:

The annual financial report of Crowley, Milner and Company for the year ended January 31, 1957, is presented herewith:

	YEAR ENDED JANUARY 31	
	1957	1956
OPERATING RESULTS		
Net Sales.....	\$24,415,934	\$26,735,752
Profit before Federal Income Taxes.....	393,008	687,900
Federal Income Taxes.....	183,000	348,298
Net Profit.....	210,008	339,602
Dividends Paid.....	101,830	101,830
Number of shares of Common Stock outstanding.....	339,433	339,433
Net Profit per share of Common Stock.....	\$0.62	\$1.00
Dividends per share of Common Stock.....	.30	.30
Net Assets (Book Value) per share of Common Stock.....	22.29	21.97
Net Amount of Inventory reduction due to Lifo method of valuation.....	111,595	48,163
Provision for Depreciation.....	154,789	160,370
Ratio of Current Assets to Current Liabilities.....	3.83 to 1	3.39 to 1

Operations for the year were charged with an amount of \$63,432 representing an addition to the Lifo inventory reserve. This amount compares with \$32,549 for the previous year.

The following summary shows that working capital increased \$28,157 during the past year:

	Jan. 31, 1957	Jan. 31, 1956	Increase
Current Assets.....	\$8,874,014	\$9,262,037	
Current Liabilities.....	2,313,806	2,729,986	
Working Capital.....	<u>\$6,560,208</u>	<u>\$6,532,051</u>	<u>\$28,157</u>

The increase in working capital resulted from the following:

Additions:

Net Profit for the year.....	\$210,008	
Provision for depreciation.....	154,789	
Decrease in prepaid expense.....	<u>39,629</u>	\$404,426

Deductions:

Dividends paid.....	\$101,830	
Payments on long-term debt.....	107,500	
Additions to properties and leasehold improvements.....	124,839	
Adjustment of property accounts to income-tax basis.....	36,653	
Additional investment in parking facility.....	5,000	
Increase in miscellaneous assets.....	<u>447</u>	376,269
Increase in working capital.....		<u>\$ 28,157</u>

ACCOUNTS RECEIVABLE

A summary of outstanding customers' accounts follows:

TYPE OF ACCOUNT	Jan. 31, 1957	Jan. 31, 1956
Thirty-day charge accounts.....	\$1,595,883	\$1,386,431
Deferred payment accounts (Maximum term 24 months).....	1,895,206	1,872,258
Weekly payment accounts (Maximum term 20 weeks).....	901,583	976,842
C.O.D., Will call, Debit balances against vendors, etc.....	190,403	179,320
	<u>\$4,583,075</u>	<u>\$4,414,851</u>
Less:		
Allowances for doubtful accounts.....	125,000	125,000
Deferred payment contracts sold to bank.....	401,777	—0—
	<u>526,777</u>	<u>125,000</u>
	<u>\$4,056,298</u>	<u>\$4,289,851</u>

During the year arrangements were completed to sell deferred payment accounts to our local bank. At January 31, 1957, deferred payment accounts aggregating \$401,777 were sold to the bank and have been deducted from the trade accounts receivable.

Losses from uncollectible accounts amounted to \$59,597 for the current year as compared to \$53,326 for the previous year.

INVENTORY

Our analysis of the age of merchandise on hand shows that 7.38% consisted of merchandise over one year old which compares with 5.02% for last year. Inventory turnover based upon total average monthly retail inventories was 3.2 times as compared to 3.7 times for the previous year. When related to sales volume, the inventory at January 31, 1957, is equivalent to 15.90% as compared to 15.88% for the previous year.

PROPERTY ACCOUNTS

The additions to property accounts for the year amounting to \$124,839 include the cost of extending the air conditioning system to the fifth and sixth floors of the Main Building.

PARKING FACILITY

The four-story multiple deck shoppers' parking garage which is owned equally by the J. L. Hudson Company and ourselves, completed in 1955, continues to increase in popularity and is operating satisfactorily.

ORGANIZATION

We were saddened by the deaths of Mrs. Jennie E. Crowley and Mr. Daniel J. Crowley. Mrs. Jennie E. Crowley, wife of one of the original founders and a Director of the Company for many years, passed away in August, 1956, at the age of 86. Her son, Mr. Daniel J. Crowley, President since 1938 and a Director since 1927, passed away in February, 1957, at the age of 54.

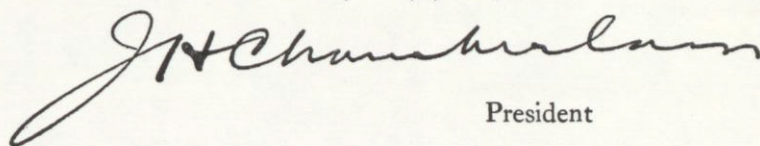
Mr. David G. Standart and Mr. John G. Keys were elected Directors to fill the vacancies caused by the deaths. Mr. Standart is a merchandise executive of the store and Mr. Keys is with the Detroit Mortgage and Realty Company.

Mr. James H. Chamberlain, Executive Vice President and General Manager, has been named President and General Manager.

APPRECIATION

We want to acknowledge with thanks the loyalty and efforts of our employees, New York buying organization, and stockholders. To our suppliers, we again wish to express our appreciation for the excellent cooperation and support.

Very truly yours,


President

BALANCE CROWLEY, MILNE

ASSETS

	<u>JAN. 31, 1957</u>	<u>JAN. 31, 1956</u>
CURRENT ASSETS		
Cash.....	\$ 878,094	\$ 653,862
United States Government securities—at cost and accrued interest (approximate market).....	212,869	215,280
Trade accounts receivable (including installment accounts) less allowance of \$125,000 for doubtful accounts, and, at January 31, 1957, less \$401,777 of installment contracts sold.....	4,056,298	4,289,851
Inventories on hand and in transit—at cost determined on a last-in, first-out basis by the retail inventory method, less allowance of \$118,000 at January 31, 1957, and \$125,000 at January 31, 1956, for purchase discounts.....	<u>3,726,753</u>	<u>4,103,044</u>
TOTAL CURRENT ASSETS.....	\$ 8,874,014	\$ 9,262,037
PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS— on basis of cost		
Land and buildings owned.....	\$ 945,743	\$ 941,995
Buildings and improvements on leased land.....	4,587,909	4,458,350
Furniture, fixtures, and equipment.....	<u>1,030,127</u>	<u>1,078,945</u>
	\$ 6,563,779	\$ 6,479,290
Less allowances for depreciation and amortization.....	<u>4,876,871</u>	<u>4,799,085</u>
TOTAL PROPERTIES—NET.....	\$ 1,686,908	\$ 1,680,205
INVESTMENT IN PARKING FACILITY—at cost.....	430,000	425,000
MISCELLANEOUS ASSETS.....	32,685	32,238
LEASEHOLDS AND GOOD WILL.....	1	1
PREPAID EXPENSES		
Supply inventory, insurance, and other prepaid expenses.....	<u>154,971</u>	<u>194,600</u>
	<u>\$11,178,579</u>	<u>\$11,594,081</u>

SHEETS

ER AND COMPANY

LIABILITIES

JAN. 31, 1957 JAN. 31, 1956

CURRENT LIABILITIES

Trade accounts payable.....	\$ 1,296,005	\$ 1,445,465
Pay rolls and pay roll deductions.....	214,028	328,327
Accrued property taxes.....	401,565	389,515
Miscellaneous taxes.....	84,925	81,216
Federal taxes on income—estimated.....	209,783	377,963
Current maturities of long-term debt.....	107,500	107,500
TOTAL CURRENT LIABILITIES.....	\$ 2,313,806	\$ 2,729,986

LONG-TERM DEBT

Note payable to insurance company, due \$100,000 annually— Note A.....	\$ 1,400,000	\$ 1,500,000
Other note payable.....	7,500	15,000
	\$ 1,407,500	\$ 1,515,000
Less current maturities.....	107,500	107,500
NET LONG-TERM DEBT.....	\$ 1,300,000	\$ 1,407,500

CAPITAL STOCK AND SURPLUS

Common Stock, par value \$1 per share:

Authorized and issued—352,250 shares

In treasury—12,817 shares

Outstanding—339,433 shares..... \$ 339,433 \$ 339,433

Capital surplus..... 2,410,247 2,410,247

Earned surplus—Note A..... 4,815,093 4,706,915

TOTAL CAPITAL STOCK AND SURPLUS..... \$ 7,564,773 \$ 7,456,595

LONG-TERM LEASE COMMITMENTS—Note B

\$11,178,579 \$11,594,081

See notes to financial statements.

STATEMENT OF PROFIT AND LOSS

CROWLEY, MILNER AND COMPANY

	YEAR ENDED JANUARY 31	
	1957	1956
Net sales (including sales of leased departments).....	\$24,415,934	\$26,735,752
Costs and expenses:		
Cost of merchandise sold, workroom costs, and buying and occupancy expenses.....	\$18,734,438	\$20,410,239
Publicity, selling, and administrative expenses, less deferred-payment-account fees.....	5,262,095	5,574,889
Provision for loss on bad accounts, less recoveries.....	59,596	53,326
	<u>\$24,056,129</u>	<u>\$26,038,454</u>
OPERATING PROFIT.....	\$ 359,805	\$ 697,298
Other income:		
Interest earned.....	\$ 5,715	\$ 3,066
Adjustment of property accounts to income-tax basis.....	36,653	—0—
Income from property not used in operations, less expenses...	17,918	22,939
Miscellaneous income.....	57,877	37,741
TOTAL OTHER INCOME.....	<u>\$ 118,163</u>	<u>\$ 63,746</u>
	\$ 477,968	\$ 761,044
Other deductions:		
Interest expense.....	\$ 63,979	\$ 56,295
Miscellaneous deductions.....	20,981	16,849
TOTAL OTHER DEDUCTIONS.....	<u>\$ 84,960</u>	<u>\$ 73,144</u>
PROFIT BEFORE INCOME TAXES.....	\$ 393,008	\$ 687,900
Federal taxes on income—estimated:		
Provision for the year.....	\$ 183,000	\$ 362,000
Less overprovisions of prior years.....	—0—	13,702
	<u>\$ 183,000</u>	<u>\$ 348,298</u>
NET PROFIT.....	<u>\$ 210,008</u>	<u>\$ 339,602</u>

Provision for depreciation of buildings and equipment and amortization of leasehold improvements amounted to \$154,789 for 1957 and \$160,370 for 1956.

See notes to financial statements.

STATEMENT OF EARNED SURPLUS

CROWLEY, MILNER AND COMPANY

	YEAR ENDED JANUARY 31	
	1957	1956
Balance at beginning of year.....	\$ 4,706,915	\$ 4,469,143
Net profit for the year.....	210,008	339,602
	<u>\$ 4,916,923</u>	<u>\$ 4,808,745</u>
Cash dividends paid—\$0.30 a share.....	101,830	101,830
Balance at end of year.....	<u>\$ 4,815,093</u>	<u>\$ 4,706,915</u>

NOTES TO FINANCIAL STATEMENTS

January 31, 1957

Note A—In connection with the long-term note payable to insurance company, the Company is required to make annual payments of \$100,000 on June 1st of each year until June 1, 1965, when the remaining balance is due. Among other covenants of the loan agreement, the Company has agreed that it will not permit working capital to be less than \$3,750,000 and has agreed to other restrictions on the payment of dividends, the general effect of which is that cash dividends paid and purchases of Common Stock after January 31, 1950, are limited to an aggregate amount which does not exceed 70% of net profits after that date. At January 31, 1957, earned surplus in the amount of \$925,444 was free of such restrictions.

Note B—The leases covering the Company's store premises expire June 30, 1976, and require rental payments on a percentage-of-sales basis (plus payment of real estate taxes) with a minimum annual rental of \$411,958. The leases require restoration of the dividing walls between the several leased buildings upon expiration of the leases. The cost of such restoration has not been provided for in the financial statements.

ACCOUNTANTS' REPORT

Board of Directors,
Crowley, Milner and Company,
Detroit, Michigan.

We have examined the financial statements of Crowley, Milner and Company for the year ended January 31, 1957. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the financial position of Crowley, Milner and Company at January 31, 1957, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Detroit, Michigan
March 14, 1957

